



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 6, 2005

Mr. Rahe Junge
Umetco Minerals, Inc.
P. O. Box 1028
Grand Junction, Colorado 81502

Subject: Reclamation Contracts, Umetco Minerals, Deremo/Peterson and
Wilson/Silverbell Mines, M/037/025 and M/037/027, San Juan County,
Utah

Dear Mr. Junge:

The Division approves your request to leave a well and a compressor with its associated building for the land owners at the Wilson/Silverbell Mine. These facilities are now owned by the land owner, not Umetco, and by virtue of a letter dated November 1, 2005, the land owner has accepted responsibility for these facilities. The well will be used for farming and ranching purposes, and the family is in the process of selling the compressor.

On May 16, 2005, the Division received reclamation contracts and sureties for the Deremo/Peterson and Wilson/Silverbell Mines. The delays in responding to your proposal have been so we could confirm site conditions and also so we could receive a response about the remaining facilities at Wilson/Silverbell.

Based on the reclamation work at these two sites and the sureties and reclamation contracts you have submitted, we now suggest that you file a Request for Agency Action with the Board of Oil, Gas and Mining asking that you be released from the requirements of the Board Contracts. With one exception (as discussed below), the Division is prepared to support you in this proposal. We believe reclamation has been satisfactorily completed on all areas except the Wilson waste pile and the Deremo/Peterson waste pile and ore pad.

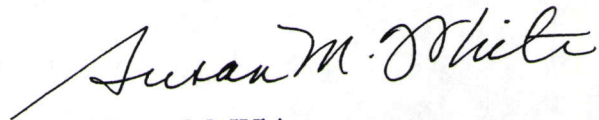
It appears a water right needs to be obtained for the Section 2.2 well. If a water right exists, please provide information about this right, including the number and the owner. On October 23, 2000, the Division approved leaving a

Rahe Junge
Page 2 of 2
M/037/025 and M/037/027
December 6, 2005

ventilation shaft in Section 2, Township 33 South, Range 26 East, SLBM, on land owned by Jim Butt. This shaft has been converted to a water well that was used to supply water for dust suppression during reclamation. The water right associated with this well, 05-2714, was temporary and has now expired. We have searched the Water Rights database and have not been able to find that this water right was replaced. Before the Division can recommend to the Board that the Board Contract be released for this specific area, we need to know that the well can be used for the postmining land use. We suggest that this water right can be obtained while you are preparing the Request for Agency Action.

Thank you for your cooperation. We look forward to seeing the reseeded areas in the spring and hope there will be adequate vegetation for final release. If you have questions about this letter, please call me at 801-538-5258 or Paul Baker at 801-538-5261.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is fluid and cursive, with a long horizontal line extending from the start of the name.

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program